



Robert Bentley
Governor

STATE OF ALABAMA
Department of Finance
Office of the Director

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Montgomery, Alabama 36130
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David Perry
Finance Director

Via Electronic Mail

Mr. John Young

June 27, 2011

Dear John:

Based on the representation that the Commissioners are willing to discuss the general parameters presented to the Commissioners by the Attorney General and representatives of Governor Bentley, to continue the efforts of the State of Alabama to assist Jefferson County, Alabama (the "County") in the resolution of its general fund and sewer debt problems, we have obtained the County's commitment to proceed with discussions about a settlement during a temporary standstill period through July 29, 2011 (the "Standstill Period"). The County will not file a petition under Chapter 9 of the Bankruptcy Code during the Standstill Period and will enter into immediate negotiations if John Young, LLC, Receiver (the "Receiver") shall:

- (i) publish an appropriate notice canceling the public hearing with respect to sewer rate increases currently scheduled for June 29, 2011;
- (ii) not republish notice of any such hearing before July 27, 2011;
- (iii) extend to a date outside the Standstill Period the time for the County to respond to its claim for \$75 million representing the funds received from JPMorgan and the SEC; and
- (iv) resume payment as operating expenses of the sewer system, consistent with prior practice, of the legal fees and expenses incurred to date and to be incurred by the County during the Standstill Period with respect to matters material to these settlement discussions, including (a) debt restructuring negotiations and drafting of legislation; (b) IRS audit of the sewer warrants; (c) defense of the Charles Wilson ratepayer, BNY receivership and EPA consent decree lawsuits (and related motions to intervene); and (d) EPA and DOJ grand jury investigations and subpoenas.

Mr. Young

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Of course, all parties reserve all other rights, claims, and defenses. These terms will apply only during the Standstill Period. If acceptable, please indicate your consent by executing this letter in the space provided below and returning to me.

Respectfully,



David Perry

ACCEPTED AND AGREED: John Young, LLC, in its capacity as Receiver
for the Jefferson County Sewer System

By: John S. Young, its sole member

by Peter Holm, attorney for the Receiver, with
permission of John S. Young